WORKERS' COMPENSATION BOARD OF BRITISH COLUMBIA

SERVICE PLAN 2003–2005

responsive, accountable, sustainable

WorkSafe™

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The Historic Compromise

Each class surrenders to the State certain rights...

The employer in submitting to the levy ... upon his industry receives the benefit of protection from expensive litigation;

The workman in return, though he loses the precarious right to sue in tort for damages, receives ... a stipulated amount based upon his economic position in the community.

Both, as well as the State as a whole, benefit from the elimination of the friction and loss which necessarily attends all litigation.

— B.C. Sessional Papers, Volume II, 1914:M13

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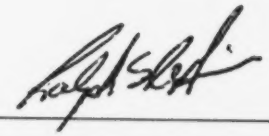
Accountability Statement

The *Workers' Compensation Board Service Plan 2003–2005* was prepared under our direction in accordance with the *Workers Compensation Act*. We are accountable for the basis on which the plan has been prepared.

All material fiscal assumptions and policy decisions as of February 28, 2003, have been considered in preparing the plan and we are accountable for achieving the specific objectives in the plan.

Douglas Enns, FCA
Chair
Workers' Compensation Board of B.C



Ralph McGinn, P. ENG.
President and CEO
Workers' Compensation Board of B.C

March 18, 2003

Message from the Chair

"Insuring employers and providing timely benefits to injured workers — without litigation — remain valid public policy objectives."

— Douglas Enns

Workers' compensation is an important asset for the people of British Columbia and must be recognized as such. The historic compromise that inspired its creation underscores a balanced approach that is good for workers, employers, and the entire province. Insuring employers and providing timely benefits to injured workers — without litigation — remain valid public policy objectives.

The Workers' Compensation Board (WCB) exists for the sole purpose of administering that public policy through service to real people with real needs and challenges. The surviving spouse of a fatally injured faller, the labourer overcoming the effects of a work-related injury with adaptive devices, the new entrepreneur establishing a safe workplace for workers, the established manufacturer reducing the risks and costs of injuries — all deserve the best service possible. The WCB must deliver that service to the people of British Columbia by working with our partners to provide effective workplace safety and health regulations, low-overhead mutual insurance, and proactive rehabilitation/return-to-work initiatives that contribute to the economic and social well-being of each stakeholder.

The prevention of workplace injuries has been the WCB's first objective since its inception and it remains the cornerstone of our philosophy. Through our partnerships with workers and employers, labour and industry associations, and private and public training institutions, that objective has saved 37,000 time-loss injuries in the last decade alone. The dedication of first aid, medical, and rehabilitation professionals continues to shorten the duration and improve the outcomes of those who are injured — reducing the possibility of recurring injury and permanent disability. We share with all British Columbians a desire to move prevention beyond the worksite to our communities and schools, thereby developing safer communities and a generation of young people with a WorkSafe™ attitude. This service plan will bring a new level of objectivity to the measurement of the WCB's performance.

British Columbians want a workers' compensation system that delivers excellence, one that is recognized as an asset to the social and economic fabric of this province. The WCB's Board of Directors accepts the challenge of delivering just that.

Douglas Enns, FCA
Chair
Workers' Compensation Board of B.C.

Message from the President

"Ultimately, driving down the need for compensation services is dependent on preventing work-related harm before it occurs."

— Ralph McGinn

The management and staff of the Workers' Compensation Board share a renewed commitment to service, quality, and responsiveness. Whether delivered in person by a case manager, occupational safety officer, employer services representative, or virtually through the self-serve features at www.worksafebc.com, we are committed to reinforcing our service culture: delivering the right services to the right people at the right time.

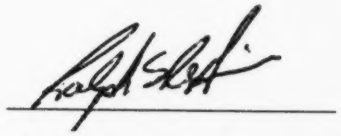
The service plan highlights the challenges and opportunities facing the WCB. Prevention remains our predominant goal. Ultimately, driving down the need for compensation services is dependent on preventing work-related harm before it occurs. For those with work-related permanent disability, the WCB must continue to protect its financial capacity to maintain promised and needed benefits. Retaining the value of the WCB's investments within the 90–110 percent funded status target range through the insurance cycle[1] is only possible with the cooperation of our stakeholders, through preventing injuries and returning workers to durable jobs as soon as medically advisable. No less important is ensuring the efficiency of the human, technological, and physical resources of the WCB.

The WCB is one of the few organizations whose objective it is to eliminate the factors that generate the bulk of their work. Achieving our vision of safe workplaces will diminish the compensation side of our operations. Until work-related injury, illness, and disease are eliminated from workplaces, prevention must remain our focus. Although significant to date, the pace of injury-rate reduction must accelerate. This plan reflects that priority. Minimizing injury frequency and severity minimizes the need for claim administration and saves lives; maximizing treatment and return to work shortens people's time in the workers' compensation system. Optimizing service people receive while in the WCB system continues to be a key element in our strategic approach.

In many ways our name, Workers' Compensation Board, does not reflect our key mandate. Our organization is really based on the twin pillars of prevention and rehabilitation. The WCB on its own can do neither; it takes the efforts of workers, employers, their representatives, and many others.

To maximize the impact of our collective efforts, the WCB embarked on a strategic plan of cultural change, one that links our data on injuries to prevention efforts, adopts a more consultative approach, and engages our stakeholders. Together, these efforts have reduced the injury rate by 40 percent in the last five years.

Our emphasis must reflect the primary prevention priority and the prevention of secondary injury through safe return to work and our image shall reflect this imperative. All British Columbians will benefit from a statutory agency that is more responsive, accountable, and sustainable. Our primary operating logo reflects our commitment: WorkSafe.



Ralph McGinn, P. ENG.
President and CEO
Workers' Compensation Board of B.C.

The WCB–WorkSafe Role

The Workers' Compensation Board (WCB) is a statutory agency serving employers, workers, and workers' dependants. Accountable to stakeholders through an independent Board of Directors, the president and senior executive direct the administration of prevention, compensation, rehabilitation, and financial mandates. Financed solely by assessments (premiums) paid by British Columbia's 172,000 registered employers, the WCB provides direct service to 250,000 British Columbians each year and is an active partner in providing safer, healthier workplaces for B.C.'s 2 million workers.

Every working day, the WCB:

- Receives 23,000 telephone calls
- Scans 10,000 pages of new claim-related information
- Makes 8,000 new appealable decisions
- Hosts 4,000 visits to www.worksafebc.com
- Conducts 125 worksite inspections
- Issues three warning letters
- Imposes one administrative penalty

Workers' compensation is a nearly universal concept based on what is known as the "historic compromise":

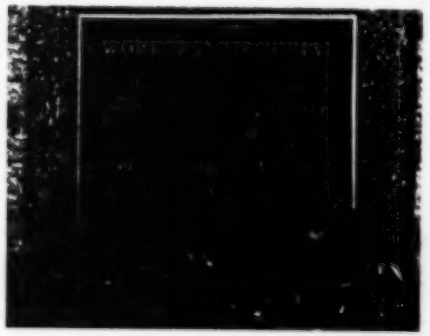
Under workers' compensation laws introduced in 1917, employers receive protection from expensive litigation and workers, in return for the loss of the right to sue for damages, receive a stipulated amount based on earnings. Both employers and workers, and society as well, benefit from the elimination of the friction and loss which necessarily attends all litigation.

Providing these social and economic benefits to the people of British Columbia in an efficient, effective, fair, and sustainable manner is the WorkSafe mandate.

Facts:

- In the last decade, 1,468 men and women have died as a result of workplace injury and disease.
- In the last five years, workplace injury and disease have resulted in 917,000 claims reported to the WCB.
- Last year, more than 3.4 million days of work were lost to short-term disability and disease.
- Today, another 630 injuries could occur; 15 may result in permanent disability.

Remembering lost lives



The Day of Mourning was initiated by the Canadian Labour Congress in 1984 and first recognized by the provincial government in B.C. in 1987. In 1991, Bill C-223 received royal assent from Parliament acknowledging a Day of Mourning for persons killed or injured in the workplace. This is the 19th annual Day of Mourning in Canada. The proclaimed date for the Day of Mourning is April 28.

Decision-making Responsibilities

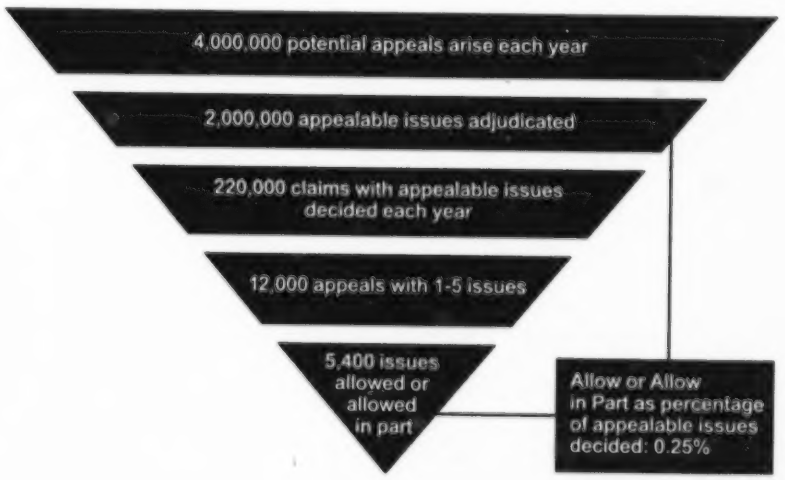
Since 1994, reductions in the injury rate have prevented 37,000 time-loss injuries, $500 million in costs, and 1,600,000 lost workdays.

The Board of Directors develops regulation and policy pursuant to the legislation by continually weighing and balancing the rights of workers, employers, and the public interest. The officers and staff of the WCB administer that policy and regulation through prevention, compensation, assessment, and rehabilitation services.

On any given claim, WCB officers must decide a multitude of issues. Is this a worker as defined by the *Workers Compensation Act*? Is the injury, illness, or disease work-related? Is the worker disabled from work? What wage rate is payable on the claim? For how long are benefits payable?

Less than 7 percent of claims filed are rejected or disallowed and therefore ineligible for payment. Not surprisingly, this category of negative claim decisions by WCB officers generates about 30 percent of appeals. Virtually all other appealed issues relate to matters such as the number of days wage-loss benefits are payable, the rate established, or the amount of permanent disability compensation to be awarded.

Rate of appeal on appealable issues decided


4,000,000 potential appeals arise each year
2,000,000 appealable issues adjudicated
220,000 claims with appealable issues decided each year
12,000 appeals with 1-5 issues
5,400 issues allowed or allowed in part
Allow or Allow in Part as percentage of appealable issues decided: 0.25%

In the course of their duties, WCB officers make more than 2 million decisions annually. Since decision making under the *Workers Compensation Act* is inquiry-based, officers apply the Act and policy of the Board of Directors to the facts and merits of each case to ensure that the entitlements and rights of workers and employers are maintained. Either party may appeal a decision of the WCB on a claim-related matter. Despite the potential for as many as 4 million appeals, the appeal rate to the Review Board in 2001 was approximately 0.6 percent of issues decided. In relation to all issues decided on claims, about 0.25 percent of decisions on issues originally decided by the WCB result in a different decision as the result of an appeal.

The service challenge for the WCB extends beyond the 160,000 new claims received in a year, which include 60,000 new wage-loss claims. In any given year, the WCB makes at least one payment on more than 200,000 claims. Of the more than 3 million days of wage-loss benefits paid by the WCB, about half relate to current-year claims while the rest relate to claims that occurred in previous years. On average, about 20 percent of the days paid for temporary disability benefits relate to injuries that occurred more than four years before the current year, often due to a recurrence or subsequent treatment of the original injury.

Thankfully, many claims are not severe and are of short duration. Employers are often able to accommodate a worker's return to work within a reasonable period. In fact, 90 percent of claims are resolved within 12 weeks of injury with a return to work or employable status. Unfortunately, the remaining 10 percent of claims, those with severe injuries and durations of greater than 12 weeks, account for approximately 90 percent of the costs associated with all claims.

WCB officers not only make decisions concerning claims and rehabilitation matters but also concerning the classification and assessment of employers, the applicability of administrative penalties for infractions of the Occupational Health and Safety Regulation, and many other matters. All decision making is related to the WorkSafe mandate: to administer public policy as reflected in the *Workers Compensation Act* to the benefit of all British Columbians.

WorkSafe Operating Drivers

What drives WCB operations? Time-loss claims overwhelmingly influence the human and financial costs of the system, but volume, frequency, and severity of injuries drive all financial costs.

External factors like economic conditions and the ability of employers to be involved in the rehabilitation and return to work of their employees further drive the duration of claims and the costs associated with them. On the revenue side, modest changes in the value of both the WCB's investment portfolio and liabilities can have a huge impact on the bottom line.

Our administrative costs compare well with other jurisdictions, though staffing levels can have a significant impact on benefits as well as administrative costs. Having too few resources for proper inquiry into claims may delay decision making, extend claim duration, or diminish the opportunity for personal interaction with clients. Having too many resources may create excessive costs and inefficiency. Fine-tuning the balance is essential.

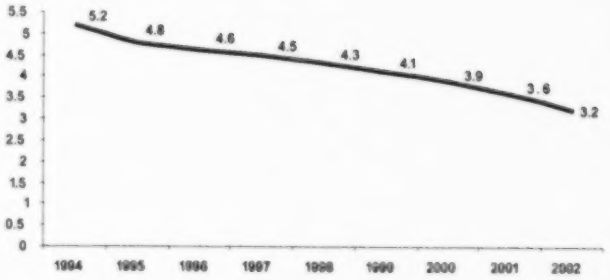
Volume, frequency, and severity

The fundamental driver of most workers' compensation systems is work-related injury, illness, and disease. The volume of workplace injuries first reported to the WCB has decreased in recent years, despite increases in the employed labour force. This positive trend results in a decline in the injury rate, which is the number of time-loss injuries per 100 person-years of employment. Frequency, however, is only part of the story. Severity of injuries will determine recovery time, compensation costs, and medical as well as rehabilitation expenses.

The single most important action that will reduce the human and financial costs of workers' compensation is prevention. Preventing injury and disease in the first place

A reduction of 600 time-loss injuries could reduce claims by $10 million.

Injury rate

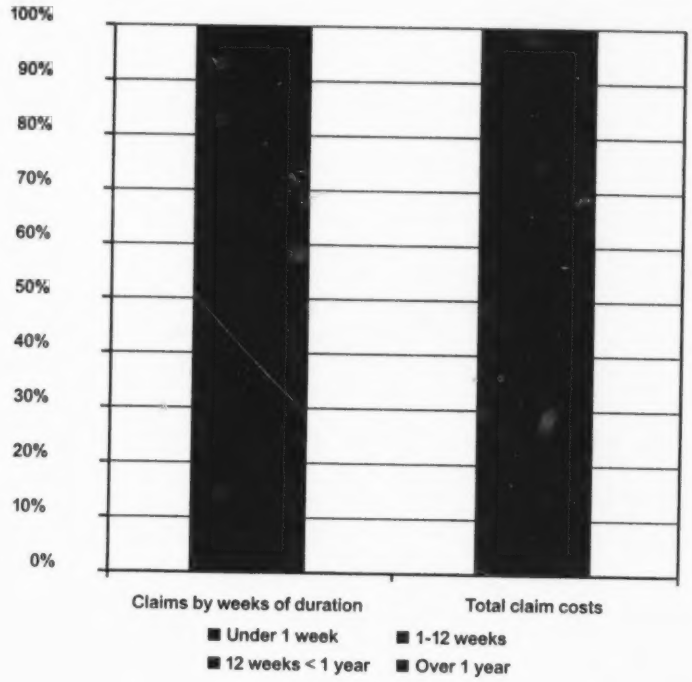


eliminates the need for subsequent claim or administrative expense, but more importantly it minimizes human suffering and claim costs. Reducing the injury rate by one percentage point means 618 fewer injured workers and $10 million lower claim costs. Since 1994, reductions in the injury rate have prevented 37,000 time-loss injuries, $500 million in costs, and 1.6 million lost workdays.

Injury rates are not uniform. Some industries and some employers have high injury rates while others are significantly below the average. Certain groups of workers, such as young males, tend to have higher rates of injury. Firms, industries, and clusters of workers with higher-than-average injury rates are a clear priority for the WorkSafe initiatives of the WCB.

Claim duration — from injury to recovery and return to work

About half of all claim costs are related to the benefits paid to compensate workers for days of lost time from work. The longer a claim, the more days paid on the claim, the greater the time-loss costs. Medical costs also increase with claim duration as the number of doctor visits increases. Workers often experience a decrease in overall fitness during recovery from a specific injury and may require additional clinical rehabilitation services to reach a functional level of employability.



Medical and other research studies confirm that most workers benefit from an early return to work. With minor adaptations or adjustments to work schedules, a safe and durable return to work is usually possible and beneficial to both the worker and employer.

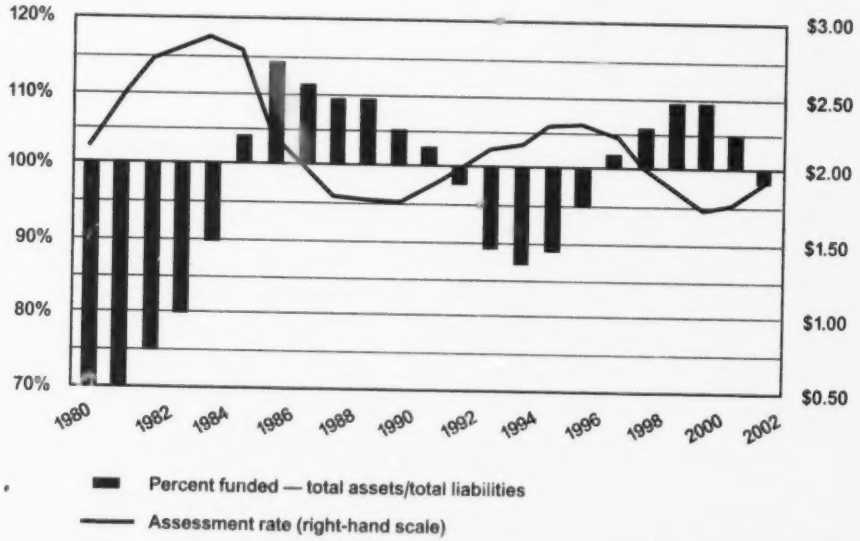
Duration statistics reflect days of short-term or temporary disability benefits paid. Workers with complex injuries requiring multiple surgeries and/or clinical rehabilitation interventions over time may return to work between periods of hospitalization and after partial recovery. Reducing overall duration can have a significant impact on costs. On average, a one-day reduction in total average duration will reduce costs by $6 million.

The 11.5 percent of claims with duration greater than 12 weeks account for approximately 80 percent of all claim costs.

Revenue drivers

The WCB collects about $1 billion in assessment revenue each year and incurs about $1.5 billion in claims liability. Claims liability is the estimated amount of money required to pay current and future costs of that year's injuries, including wage loss, medical aid, rehabilitation, and administration. Investment income makes up the difference between premium revenue and expenses. The $8 billion accident fund, the repository of the funds collected to cover future costs, generates investment revenue from dividends and appreciation in the value of assets.

Funded status and assessment rates



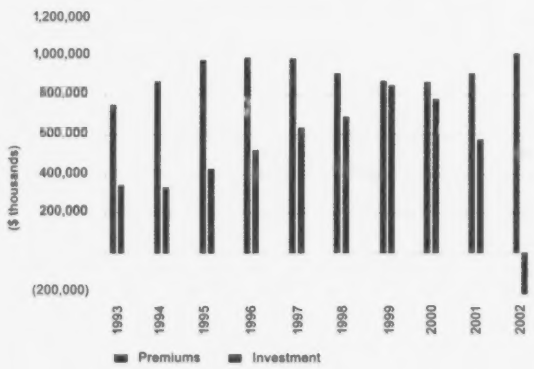
The accident fund represents the aggregate of invested premiums and the investment gains or losses on the funds collected to cover the costs related to past injuries and disabilities. A worker who suffered an amputated arm in 1990 may well require financial assistance with prostheses, surgeries, and other medical expenses, as well

as pension costs, for many years[2]. The aggregate of such future costs for all claims constitutes a liability against the accident fund. The ratio of benefit liabilities to the value of the fund is known as the funded status. The Board of Directors has established a target range of between 90 and 110 percent to maintain a fully funded status[3].

A minor change in the value of liabilities (due to increased longevity of lifetime pension recipients, for example) or an unexpected change in the value of the investment portfolio will generate a substantial variation to the WCB's bottom line. Yields above those needed to provide for benefit liabilities may help offset premium increases while returns lower than required may result in a shortfall that may result in increased rates in future years.

To dampen the effects of such changes in the value of liabilities, the WCB has a policy of smoothing gains and losses over a five-year period. This generally accepted accounting treatment tends to reduce swings in both the WCB's funded status and premium rates.

Premiums and investments



After a period of market exuberance that returned greater-than-expected income and growth in value of the investment portfolio in 2001, the markets experienced a substantial decline. The value of these losses has driven down the WCB's funded ratio of assets to liabilities. While still within the Board of Directors-approved target range of 90–110 percent funded, lower yields put upward pressure on premium rates. Further reductions in the injury rate may help to offset this upward pressure on rates.

The WCB accident fund is invested in conservative financial instruments. The WCB holds portfolios of bonds, real estate, and a variety of equity funds. The conservative allocation of assets and diversification of investments have protected the financial integrity of the accident fund to the benefit of workers and employers. The unusual equity market conditions that have persisted for the last three years are unprecedented. At the end of 2002, to recognize the reduction in the value of some of the portfolio, the Board of Directors authorized a one-time adjustment of $549 million. The decision of the Board of Directors to make this adjustment is consistent with its commitment to transparency and adherence to generally accepted accounting principles for workers' compensation funds. This adjustment properly positions the accident fund relative to the current market conditions. The investment portfolios are performing relatively well and their adjusted valuation results in a funded status of 98 percent at the end of 2002. This change in valuation is neutral with respect to 2004 premium rates.

Administration

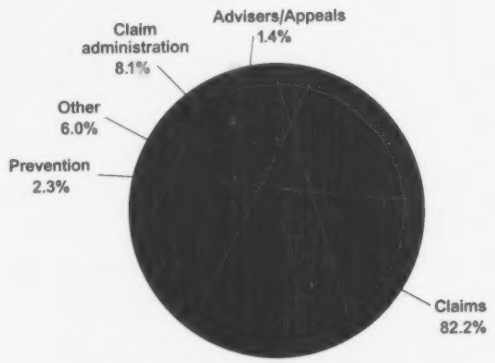
It takes people, computer systems, buildings, and other resources to provide the services to stakeholders. Approximately 82 percent of all expenses are claim costs while the costs to administer those claims, provide prevention services, fund appeal and advisory services, and support other aspects of the organization represent nearly 18 percent of the overall costs.

Recent legislative changes have driven changes to systems, requiring the development of new policies and the training of staff. New procedures to deal with changed appeal structures have had similar impacts. The provisions of the new legislation define benefits and entitlements to those injured before and after the effective date, which creates the need to maintain two systems for many years to come. Helping employers and workers understand these changes is a major task and one that will continue for some time. These costs are reflected in the administrative expenses of the WCB.

WCB administrative costs include:

- Claim administration expenses
- Prevention Division expenditures
- The cost of Workers' and Employers' Advisers, provided through the Ministry of Skills Development and Labour
- Other infrastructure expenses, such as fraud detection and investigative services, policy development and regulation review, governance, corporate services, information services, power, light, leases, building improvements, and property taxes
- The cost of the previous appeal structure (Appeal Division, Medical Review Panel, Review Board) and the bodies that have replaced it (Review Division and Workers' Compensation Appeal Tribunal)

Expense allocation 2002
(excludes non-recurring items)



The development of an accessible data warehouse, part of the WCB's original 1996 strategic plan, is an example of an administrative expense that has allowed the organization to become more proactive. Using data-mining and risk-management techniques, the data from claims has helped identify employers with above-expected injuries; this information allows the WCB to focus consultative and advisory efforts to assist these workplaces in improving their prevention performance. Data from the warehouse also assisted in identifying the risks to young workers. Outreach programs to high school students help extend the WorkSafe philosophy to the next generation of workers.

The Board of Directors is committed to monitoring and improving the administrative cost performance of the WCB.

Legislative change

Bill 49 amended the benefit provisions of the *Workers Compensation Act* effective June 30, 2002. Benefit compensation is now 90 percent of net average earnings, an effective reduction from the former 75 percent of gross earnings. Changes to consumer price indexing (from full indexing to CPI minus 1 percent) and duration of awards for permanent disability (from payment for life to payment to age 65 together with a lump-sum post-retirement benefit) also bring the WCB of B.C. in line with most other Canadian workers' compensation systems. These changes will eventually lower the cost of claims. A one-time adjustment of $553 million to reflect the changed benefit liability associated with the CPI and other legislative changes was taken into account in 2002.

There is, however, a lag between the implementation of legislation and its maximum impact. New claims are now handled under the new legislative provisions, but older claims are still in process, with many claimants receiving short-term benefits and vocational rehabilitation assistance under the previous legislative provisions. Because claims with longer durations drive costs, the effects of these older claims will be felt for several years to come. In the near term, however, the new legislative environment demands that we educate our staff and stakeholders on the new levels of benefits and establish expectations in line with the new benefit structure.

Bill 49 changes — Benefits

Before June 30, 2002

- Benefits based on 75 percent gross
- Average settings that best reflect loss (no EI inclusions)
- Full indexing
- Full stacking of CPP disability
- Pensions for life

After June 30, 2002

- Benefits based on 90 percent net
- Average earnings based on 12 months (EI included in some cases)
- Defined indexing
- Partial integration of CPP disability
- Pensions to age 65 with post-retirement benefit

Bill 63 changes — Appeals

Before March 30, 2003

- Review Board
  - External
  - Claim-related issues only
  - No time limits on decisions
- Internal appeal to Appeal Division
- Direct or post-appeal access to Medical Review Panels

After March 30, 2003

- Review Division
  - Internal
  - All appealable issues
  - Strict time limits for decisions
- Workers' Compensation Appeal Tribunal
  - Independent
  - All matters

Bill 63 introduced major changes to the workers' compensation appeal system, changes designed to improve timeliness of decisions and bring greater certainty and finality to the process. The changed appeal structure for all appealable matters supersedes previous structures. The creation by legislation of an internal review process with set time limits is an integral aspect of ensuring the quality of decision making and timeliness of dispute resolution. The costs associated with creating this new appeal structure, managing the overlap, and facilitating the transition will add to administrative expenses in the short run. However, taken together, these changes to the governance, appeal, and benefit structures of the WCB will provide a more responsive, accountable, and sustainable system in the longer term.

As with the changes to the benefit structure, a transition period will be needed to deal with changes to the appeal system. The WCB will need to train staff, communicate changed policy and procedures to stakeholders, and set new expectations for performance and outcomes.

Board of Directors' Priorities and Statement

Priorities for the WCB

- Preventing injury and illness in the workplace
- Returning workers to employability
- Serving employers, workers, and workers' dependants
- Developing partnerships in prevention and durable return to work
- Enhancing decision making in prevention, compensation, and assessments
- Improving the cost-effectiveness of the services we deliver
- Maintaining financial stability and sustainability
- Educating, engaging, and communicating with our stakeholders

Statement

This is the first annual service plan of a new Board of Directors, with new legislation, embarking on a program of change. The reports from two core services reviews in 2002 spoke to the importance of these changes for the credibility and reputation of the organization. Both reports endorsed the belief that this is an opportunity for the WCB and the agencies and professionals that form the workers' compensation system to move forward to a new level of excellence.

In the short time the members of the Board of Directors have been together, we have shared with all British Columbians the shock of seeing workers pulled from a barge and shared the grief of friends and families at the four deaths that arose from this tragic incident. We have also learned of the successes in workplaces where workers and employers have embraced the WorkSafe ideal and driven down incidences of workplace injury and disease. We have been struck by the commitment of the many stakeholders, both internal and external, who share our belief that all workplace injuries are preventable, that injured workers can return to work, and that service can be improved in cost-effective and innovative ways.

In assuming governance of the WCB, we have also learned of the financial challenges the WCB is facing now and will face for some years to come. The impact of market volatility, the decline of portfolio values, and the increasing cost of claims limit our alternatives and demand that the Board of Directors balance prudence with the impetus to take action.

This service plan sets the direction for the WCB as required by the legislation. It is, however, based on the Board of Directors' initial determinations and must be considered interim at best. Over the coming months, the Board of Directors will undertake a more comprehensive review of the strategic direction for the Workers' Compensation Board of British Columbia.

Some priorities, however, transcend planning processes. We have set the priorities for the WCB where they must clearly be: prevention and return to work. These are central to a shared vision of safe workers and workplaces. The first, best, and most urgent strategy must be prevention. We will engage workers and employers in their workplaces, challenging them to embrace that vision and make it their own.

Essential to the success of any strategy is excellent information. The Board of Directors believes that transparency can only improve credibility and the more credible the messenger, the more credible the message delivered. We believe the message of prevention and return to work must be shared with our partners in workplaces. We also believe the Board of Directors has a role in fostering the cultural change needed to show workplace injury for what it is — preventable.

Over the next year, the Board of Directors is committed to providing governance that meets the test of transparency and to aligning the WCB's performance with a shared mission and vision. Our decisions will reflect the vitality of our operating principles and the enduring nature of the historic compromise.

A year from now, we will revisit the current measures of our performance and set new targets to further enhance our WorkSafe commitment.

WCB Board of Directors

Working Together: The WorkSafe Spirit

In 1998 to support the WorkSafe plan, the WCB developed the Focus Firm Strategy. Firms with an injury rate significantly higher than their industry average were approached and offered consultation to develop an occupational health and safety plan that would be endorsed, in writing, by the firm's senior management. WCB officers assisted with the implementation of that plan and offered ongoing consultation as the firm and its workers adapted processes.

Sun-Rype, in 1999, was one of the first companies to become a focus firm and has made major strides in improving health and safety at its workplace. Sun-Rype's plan included hiring a full-time occupational health and safety (OHS) coordinator and giving more autonomy to their joint health and safety committee. Sun-Rype now has a formal OHS program and a graduated return-to-work program for injured workers.

Sun-Rype

	1998	2001
First aid visits	390	324
Medical aid	43	27
Near misses	21	26
Lost-time incidents	36	33
Lost-time days	1,582	568
Number of workers	299	488

A real key to Sun-Rype's success in improving health and safety was the commitment of senior management, the supervisors, and the workers. Glen Allison, manager of employee relations and development, says the company receives a good deal of support from WCB Prevention officers: "When we need something, they'll come in, say exactly what they think, and work with us to find resolution on whatever the issue might be."

In 1999, DaimlerChrysler Canada Inc. became a focus firm, which meant collaborating with the Canadian Autoworkers Union (CAW) and WCB safety experts to identify solutions for reducing workplace hazards and improving the firm's health and safety program. Consultation with WCB Prevention staff has occurred on a variety of issues, including claim management, safeguarding of equipment, and safety design specifications. In April 2000, DaimlerChrysler added a light-duties program for injured workers. Union and management worked together to identify three basic light-duty jobs that are subject to a doctor's approval and further modification if necessary.

The CAW has been onside with the improvements, and has actively participated in joint committees, incident investigations, and education planning and implementation. Pete Cooper, a CAW member on the safety committee, sums it up: "The whole thing is attitude. If it wasn't for management support behind us, it wouldn't matter what the committee did — it wouldn't work." The OHS program developed in B.C. will be the model for other DaimlerChrysler facilities across North America.

DaimlerChrysler Canada Inc.

	1998	2001
Injury rate	28	3.1
Lost-time incidents	18	2
Lost-time days	316	13
Number of workers	64	64

Appendix A: Goals and Objectives

To enact its priorities, the Board of Directors and senior administration of the Workers' Compensation Board set goals and objectives. Basic to all activities of the WCB are the operating principles (noted in Appendix D) and a shared sense of urgency. A WorkSafe attitude must pervade all workplaces and be ever-present in the minds of workers and employers. Stakeholders deserve to know what they can expect from the WCB, namely:

- Expeditious, just, and evidence-based decision making
- Courteous, compassionate, and informative service
- Focused support to promote prevention and return to work solutions

Goal 1 — Foster the improvement of occupational health and safety in workplaces

Objectives:

1. Implement regulatory and service partnerships with employers, workers, and industry associations.
2. Strengthen occupational health and safety (OHS) performance in industry by:

a) Increasing stakeholder awareness of legal and social responsibilities and human and economic advantages of eliminating injury/disease in the workplace.

b) Fostering self-sufficiency and capacity among our stakeholders to improve OHS.

3. Reduce the injury rate by:

a) Reducing the incidence of work-related injury and occupational disease.

b) Implementing enforcement strategies and standards consistent with the statutory mandate.

c) Providing incentives to industry to improve safety attitudes and behaviours.

Goal 2 — Improve service to stakeholders

Goal 2a — Improve service satisfaction, accessibility, and public confidence

Objectives:

1. Provide all applicable services online 24 hours a day, seven days a week to enable clients to electronically access routine information to "self-serve" their needs for information when and where they want it.
2. Provide timely services that meet client expectations for service and satisfaction by:

a) Providing plain-language descriptions of WCB products, services, and service standards.

b) Developing service timeliness targets and tracking performance against them.

c) Conducting regular surveys of a representative sample of clients from each major service area (i.e., prevention, compensation, rehabilitation, and assessments) to track performance against client service satisfaction targets.

d) Conducting regular surveys of a representative sample of the public to determine the extent to which the public perceives that the WCB makes a positive contribution to the province, in order to gauge the effectiveness of and need for changed communication strategies.

e) Holding meetings between senior WCB representatives and key stakeholders, including employers with exemplary claim records, those who demonstrate best practices, and randomly selected workers with recent experience with the WCB system.

f) Expediting the regulation review process, thereby reducing the time from policy initiation and consultation to enactment of changed standards.

g) Ensuring currency of WCB regulation and policy.

Goal 2b — Improve adjudicative decision making throughout the divisions ensuring consistency with the legislation

Objectives:

1. Review and enhance system-wide criteria for quality decision making.
2. Conduct an annual audit to assess compliance with decision-making criteria.
3. Develop and implement strategies to improve the quality of decision making across the organization.
4. Develop and implement systems to ensure compliance with statutory timeframes for decision making.
5. Foster the employability and return to work of injured workers.

Goal 3 — Improve the cost-effectiveness and accountability of the services we deliver

Objectives:

1. Enhance electronic data collection and claim processing.
2. Publish quarterly reports of service and quality measures.
3. Publish quarterly reports of key performance indicators.
4. Publish benchmark and comparative data.
5. Focus on continuous improvement in business processes and performance.

Goal 4 — Maintain financial sustainability and stability

Objectives:

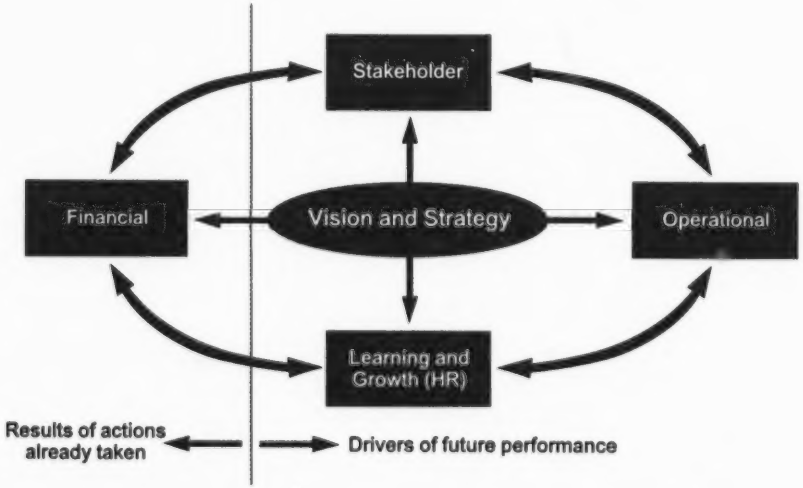
1. Maintain funded status in target range of 90–110 percent.
2. Become and remain price-competitive against a normalized benchmark.
3. Maintain an investment policy that features asset-liability matching.

Appendix B: Performance Measures and Projections

The WCB is committed to furthering the development of a "balanced scorecard" approach. Over the next three years, existing measures, and measures yet to be developed, will be incorporated into this approach so internal and external stakeholders can track our progress toward meeting our balanced set of targets and objectives.

Every division of the WCB will have specific measures that will be linked electronically to a monitoring system that will allow immediate access and comparison of present performance to pre-set targets and objectives. Our goal is to create a system that will enable staff, managers, and stakeholders to have objective, timely information on key performance measures reflecting the balanced targets set by the Board of Directors.

Many of the goals will be achieved directly or indirectly through improvements in technology. Automating routine transactions between clients and the WCB will allow more people to receive the information they need when they need it, while freeing staff to respond more effectively to those with more complex, sensitive, or urgent needs.



Goal 1 — Foster the improvement of occupational health and safety in workplaces

Measures	2002 Actual	2003 Target	2004 Target	2005 Target
Reduced injury rate (accepted short-term disability claims per 100 person-years of employment)	3.2	3.1	3.0	<3.0
Focus firm strategy (reductions in participating firms' injury rates)	6.0%	6.0%	5.8%	5.6%
Reduced musculoskeletal injury (MSI) rate (MSIs per 100 person-years employed — 2.5% annual decrease)	1.23	1.20	1.17	1.14
Number of industry associations and health and safety partnerships	6	8	10	12

Goal 2a — Improve service to stakeholders: service satisfaction, accessibility, and public confidence

Measures	2002 Actual	2003 Target	2004 Target	2005 Target
Public contribution index	69%	70%	73%	75%
Overall service satisfaction (10-point scale)				
Workers	7.7	7.8	7.9	8.0
Employers	n/a	7.8	7.9	8.0
Combined	n/a	7.8	7.9	8.0
Perception of service timeliness/availability (10-point scale)				
Workers	7.5	7.5	7.7	7.9
Employers	n/a	7.5	7.7	7.9
Perception of courteousness/ professionalism/ respect (10-point scale)	8.0	8.0	8.1	8.2
Routine applications available online	n/a	70%	75%	80%

Goal 2b — Improve decision making throughout the divisions, ensuring consistency with the legislation

	Notes	2002 Actual	2003 Target	2004 Target	2005 Target
Proportion of issues leading to decision changes as a result of factual, legal, or policy errors (first level)	Number of issues under review that the Review Division allows or allows in part due to error of fact, law, or application of policy divided by the number of issues that are subject to a request for review by the Review Division	–	Establish baseline	TBD	TBD
Proportion of issues leading to decision changes as a result of factual, legal, or policy errors (Review Division)	Number of issues that WCAT allows or allows in part due to error of fact, law, or application of policy divided by the number of issues that are subject to a request for review by the Review Division	–	Establish baseline	TBD	TBD
Proportion of audits achieving full compliance with the decision-making criteria	Number of audits achieving compliance with established decision-making criteria divided by number of all compliance audits conducted	–	95%	95%	95%
Proportion of eligible review requests completed within the 150-day period	Number of review requests completed within 150-day period divided by total of all requests for reviews received that do not qualify for an exception	–	95%	95%	95%

Goal 3 — Improve cost-effectiveness and accountability

	2001 Actual	2002 Actual	2003 Forecast	2004 Forecast	2005 Forecast
B.C. administration costs per $100 assessable payroll	$0.42	$0.40	$0.39	$0.38	$0.37
National average administration costs per $100 assessable payroll	$0.38				
B.C. prevention costs per $100 assessable payroll	$0.09	$0.08	$0.08	$0.08	$0.08
National average prevention costs per $100 assessable payroll	$0.11				

Goal 4 — Maintain financial sustainability and stability

	2001 Actual	2002 Actual	2003 Forecast	2004 Forecast	2005 Forecast
B.C. percent funded (target range 90–110%)	105.0%	98.2%	95.3%	94.5%	95.3%
B.C. funded status (with reserves included as liabilities)	101.6%	95.2%	92.6%	91.9%	92.9%
National average funded status (weighted average)	84.5%				
B.C. average premium rate:					
Base rate	$2.02	$2.03	$2.06	$2.11	$2.05
Surplus abatement and transition capping	$(0.23)	$(0.13)	$(0.13)	$(0.12)	nil
Collection rate	$1.79	$1.90	$1.93	$1.99	$2.05
Final collection rate	$1.78	$1.83			
Comparators:					
Alberta	$1.31				
Ontario (provisional average)	$2.13				
Quebec	$1.89				

Human resources

Organizations deliver services through people. The work environment and culture of the WCB profoundly influence staff performance. The Board of Directors is committed to an organizational effectiveness model that values diversity, develops skills and abilities, improves competencies, and achieves a climate necessary to meet organizational objectives. WCB employees are dedicated, educated, and valued for their commitment to service — a commitment that must be strengthened within every area of the WCB. Following the challenges of organizational restructuring along with rapid legislative and policy change, these cultural change objectives are essential to meeting the other goals of our service plan.

	2002 Actual	2003 Target	2004 Target	2005 Target
Hours of training per eligible staff member (as determined by survey)				
Management	23	30	34	37
Bargaining unit	15	21	25	29
Work climate and employee satisfaction (5-point scale)				
Management	3.66*	No	3.66	No
Bargaining unit	3.41*	survey	3.41	survey
Hours worked as a percentage of available hours paid				
(excludes vacation entitlement)	80%	82%	83%	84%

* Based on 2001 survey

Appendix C: Assumptions and Financial Projections

Statement of assumptions

Major assumptions	2003	2004	2005
Assessment gross rate (per $100 assessable payroll)	$2.06	$2.11	$2.05
Assessment collection rate (per $100 assessable payroll)*	$1.93	$1.99	$2.05
Assessable payroll growth	1.0%	3.0%	3.0%
Fixed income returns	5.8%	5.8%	5.8%
Equity market returns	7.0%	7.0%	7.0%
Consumer price index	2.5%	2.5%	2.5%
Prior-period adjustments ($ thousands)	$167,000	$100,000	$100,000
Legislative change cost improvements ($ thousands)		$(33,000)	$(33,000)

*Surplus credits expire in 2005

Financial projections

($ thousands)	2002	2003	2004	2005
Income				
Assessment	1,019,250	1,009,000	1,070,448	1,202,138
Investment	(223,798)	412,000	368,000	371,000
	795,452	1,421,000	1,438,448	1,573,138
Expense				
Claims	1,209,601	1,551,000	1,423,000	1,395,000
Administration	156,727	136,000	126,960	127,019
	1,366,328	1,687,000	1,549,960	1,522,019
Operating (deficit) surplus	(570,876)	(266,000)	(111,512)	51,119
Fund balance January 1	134,164	(406,712)	(672,712)	(784,224)
Transfer from reserve	30,000	–	–	–
Fund balance December 31	(406,712)	(672,712)	(784,224)	(733,105)
Total assets	8,078,600	8,412,288	8,925,776	9,526,895
Total liabilities	8,225,312	8,825,000	9,450,000	10,000,000
Percent funded	98.2%	95.3%	94.5%	95.3%

Note: Board of Directors-approved funding is 90–110 percent of full funding

Appendix D: Strategic Context

There will always be competing priorities in workers' compensation. Increasing prevention programs or compensation services to workers has costs as well as benefits. Educating, consulting with, and engaging our stakeholders takes time and this must be weighed against the need for rapid response in regulation making and policy development. Developing responsive strategies and making ethical decisions in the best interests of the system requires careful balancing of stakeholder needs and priorities.

Although the Board of Directors has not yet had an opportunity to develop a full strategic plan, the fundamentals of the existing plan have been reviewed and adopted as the basis for guidance and planning for the coming year. The Board of Directors intends to engage in a more comprehensive review of the strategic plan in 2003.

Working together to protect the public interest and to create a sustainable, balanced system, the Board of Directors and Senior Executive Committee will apply the following vision and operating principles:
Workers and workplaces safe and secure from injury, illness and disease.

Workers, employers, and the citizens of British Columbia share a desire to see fewer work-related injuries and deaths. Workers and their families should have the security of knowing that when they leave for work they can expect to come home unharmed.

Operating principles

In order to re-shape our service/quality culture, the WCB will strive to be:

Balanced — Balance ensures workers' and employers' interests, as well as those of the system, are weighed in our deliberations and decision making.

Fair and impartial — In our judgments and in our adjudication of issues, we shall be fair, seeking the appropriate evidence and views without showing partiality or bias.

Accessible — In deciding how to deliver services, we shall be mindful of our clients' needs for accessibility, recognizing that access is an essential component of justice.

Responsive — Workers and employers deserve a responsive workers' compensation system, one that provides timely decisions and understandable answers to reasonable questions.

Service- and quality-driven — Our design of systems, our review of performance, and our decisions on policies and processes will be based on sound service principles and defined quality standards.

Cost-effective — The legislation provides rights and obligations, entitlements and penalties. In ensuring that our administration of the law provides the highest value, we shall give proper consideration to the costs, benefits, and effectiveness of our programs and services.

Evidence-based — In policy development, regulation review, and administration, our actions shall be based on facts and a weighing of the best evidence available.

Prudent — Decisions on policy, practice, and administration shall be made with prudence, taking care to avoid unintended consequences.

Results-focused — Objective results rather than processes shall be the focus of our activities.

Proactive — We shall strive to anticipate the consequences of trends and actions and act in advance wherever possible.

The Board of Directors commits to measuring its success in meeting these principles through independent surveys and analysis, using the results to foster a culture of continuous improvement.

Appendix E — Planning Context

Environmental scan

Macro trends

- Service, quality, and accountability continue to dominate stakeholder expectations. Stakeholders demand greater accountability from institutions. The definitions of service and quality are changing. Stakeholders expect excellence and objective proof of that excellence.
- The health care system remains high on the public agenda and scarce resources have implications for duration and costs of work-related injury, illness, and disease.
- Workers' compensation legislative reform continues across North America with changes to benefits, scope of coverage (who is covered), and what is covered.
- Demographic shifts (such as an aging workforce, increased immigration, and changing rates of labour force participation leading to increased training needs for new workers) are increasingly affecting the frequency of injuries, duration of recoveries, magnitude of long-term liabilities, and pressure on administrative costs.
- Markets are emerging from a major correction following a period of above-average growth; market recovery is anticipated to take time and to result in a return to historical norms. While real returns will fall short of the significant returns of the mid to late 1990s, recent losses in portfolio values are not likely to continue.
- World uncertainty over Middle East tensions and petroleum/energy costs continues.
- Industries, provinces, and nations focus increasingly on maximizing productivity and minimizing administrative costs in efforts to compete.
- Technology continues to increase the speed of information transfer, the transparency of operation, and costs due to infrastructure, obsolescence, and shorter cycle-time tolerances.
- Industry increasingly wants to self-regulate and to adopt standards-based certification of management and business processes.

Specific environmental context

- Government has recently passed new legislation that changes the WCB's governance, benefit, and appeal structures. The changes are designed to enhance service, improve quality, and increase certainty and predictability while stabilizing and maintaining the financial viability of the system. Implementing these changes and adapting systems is a significant challenge.
- The core services review on policy and legislative issues has focused attention on key policy issues.
- The core services review on service delivery has identified specific needs for organizational and systemic changes.
- Excess investment market gains that subsidized employer premiums in the past are unlikely to return in the near future.

Challenges

- Restructuring services to meet legislative mandate and economic environment while improving product and service delivery mechanisms.
- Considering the service and quality objectives defined by the core services review on service delivery.
- Meeting the service demands of a growing workforce while controlling administrative costs.
- Mitigating the effects of latent losses in the investment portfolio and continuing adverse market conditions.

- Containing the effect of key cost drivers:
  - Workplace injuries and disease (frequency and severity).
  - Extended claim duration.
  - Delayed return to work.
- Applying new legislation while maintaining entitlements under previous law and policy.
- Informing and educating stakeholders on new legislation and systems.
- Dispelling myths and misconceptions about workers' compensation and setting expectations consistent with the law, policy, and efficient administration.
- Improving the reputation of the workers' compensation system.
- Reinforcing the morale and commitment of staff following major changes to the collective agreement, legislative environment, and organization.

Key strengths

- Knowledgeable, experienced workforce and leadership.
- Renewed mandate through recent public policy direction and external reviews.
- Sustainable financial position within the 90–110 percent funding level target range.
- Competitive and stable assessment rates.
- Declining injury rates.
- Fair and stable classification structure.
- Strong basis for utilizing technology to improve services.

Opportunities

- Potential to use technology to improve service, quality, and efficiency — while continuing to be a leader among provincial compensation boards in providing Internet access to employers and workers.
- New legislative benefits will improve a trend toward greater certainty and financial sustainability, allowing the B.C. system to demonstrate leadership in providing quality services to workers and employers.
- Increased communication and cooperation between jurisdictions will improve objective comparison and measurement.
- New legislative direction and governance have lessened uncertainty, allowing the WCB to:
  - Focus on quality, effectiveness, and efficiency.
  - Engage our stakeholders.
  - Counter myths and misconceptions with facts and information.
- Enhance the morale, knowledge, and skills of staff in their roles in delivering quality services to stakeholders.
- Expand potential for collaboration with workplace parties.
- Reduce the complexity and volume of regulation without jeopardizing standards.
- Enhance web-based tools such as the searchable Occupational Health and Safety Regulation.

Notes

[1]Insurance cycle: Premium rates and the value of accident funds and reserves fluctuate over time. Virtually all insurance systems experience these oscillations in fund value and premium prices over time.

[2]Prior to June 30, 2002, a worker who received a disability award for a permanent partial or total disability would receive that benefit for life along with any medical or rehabilitation costs that might arise related to the injury. The accident fund, therefore, must contain sufficient value today and grow at a sufficient rate to fulfill the entitlement of these workers for life, many of whom will live for forty or more years. After June 30, 2002, new permanent awards will end at age 65. However, any medical or other costs associated with these workers injuries are still chargeable to the accident fund.

[3]The objective of "full funding" implies that the WCB maintain its asset-to-liability ratio within the funding range approved by the Board of Directors. The approved funding range is 90–110 percent. Maintaining a funding ratio that is too high removes money from the hands of employers that could otherwise be used for investments, wage increases, and expansion among other things. Allowing a funding level that is too low transfers costs from the present generation of employers to a future generation of employers.

Ordering

For an electronic copy of the *Workers' Compensation Board of B.C. Service Plan 2003–2005*, visit our web site at www.worksafebc.com.

If a printed copy is needed, call 1 866 271-4879 between 7 a.m. and 4 p.m. Monday to Friday, fax 1 866 362-3130, or e-mail moore-wcb.customer.service@ca.moore.com.

Feedback

If you would like to comment on the *Service Plan*, please call the Director of Corporate Planning at 604 276-3202 or e-mail tbogyo@wcb.bc.ca.

Board of Directors

Douglas Enns, Chair

Calvin Lee, Vice-Chair, Public Interest

Terry Brown, Employer Representative

Stephen Hunt, Worker Representative

Roslyn Kunin, Public Interest

Peter Morse, Actuary

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Louise Logan, Vice-President, Review Division, and Chief Review Officer

Ed Bates, General Counsel and Secretary to the WCB

Direct reports to the Board of Directors

Donna Gillis, Director General, Policy and Regulation Development Bureau

Anya Keefe, Director, Research Secretariat

Judy Olson, Registrar, Medical Review Panel